

MORSHEAD MANSIONS LIMITED

Annual Report
for the year ended 31 December 2019

[Company Registration Number: 02744253]

Registered office: 2 Old Court Mews 311a Chase Road London N14 6JS

MORSHEAD MANSIONS LIMITED

Annual Report
for the year ended 31 December 2019

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MORSHEAD MANSIONS LIMITED

Director's Report for the year ended 31 December 2019

The Director presents the Annual Report and the financial statements of the Company for the year ended 31 December 2019.

Principal Activity

In accordance with its objects, the company's principal activity continues to be the administration of the freehold estate of Morshead Mansions for the benefit of the leaseholders and of the members.

Director

David Wismayer has held office throughout the period from 1 January 2019 down to the date hereof.

Results for the Year

With effect from 1 January 2012, all of the company's activities have been conducted through the Article 16 Fund. There are no transactions affecting the Profit and Loss Account. Payment of a dividend is not recommended. After taking account of all transactions affecting the Article 16 Fund, the said Fund realised a deficit for the year of £60.

Statement of Director's Responsibilities

The Director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- a) select suitable accounting policies and then apply them consistently
- b) make judgements and accounting estimates that are reasonable and prudent
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

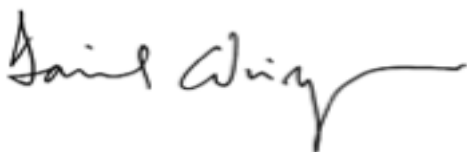
During the current Covid-19 circumstances, it has not been possible to arrange for the company's financial statements to be subjected to audit. As soon as circumstances permit, the company will arrange with its auditors for the financial statements to be reviewed.

Auditors

As and when appropriate, the auditors, KBSP Partners LLP, Chartered Accountants, will be proposed for re-appointment at the next company general meeting.

This Report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD



D. L. Wismayer (Director)

20 November 2020

MORSHEAD MANSIONS LIMITED**Profit and Loss Account for the year ended 31 December 2019**

			<u>2018</u>
	Notes	£	£
TURNOVER	2	-	-
Administrative Expenses		-	-
		<hr/>	<hr/>
Result before taxation	3	-	-
TAXATION	4	-	-
		<hr/>	<hr/>
RESULT AFTER TAXATION		£NIL	£NIL
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 5 to 7 form part of these financial statements.

MORSHEAD MANSIONS LIMITED**Article 16 Fund - Income and Expenditure Account for the year ended 31 December 2019**

		<u>2018</u>	
	£	£	£
Income			
Contributions due from Members		260,000	208,000
Sales of roof voids		75,000	75,000
Legal expenses recoverable		-	100,000
Interest recovered on arrears of Article 16 Fund debts		482	2,107
Bank interest received		36	263
Sundry income		<u>375</u>	<u>225</u>
		335,893	385,595
Expenditure			
Auditors' remuneration	9,600		9,600
Bank charges	107		145
5th Schedule expenses	155,314		272,205
6th Schedule expenses	43,394		40,664
David Wismayer - Consultancy fees	60,000		60,000
Legal expenses	60,000		1,847
Communications and website	2,020		3,537
Sundry expenses	1,692		1,783
Interest payable	<u>3,826</u>		<u>5,832</u>
		<u>335,953</u>	<u>395,613</u>
Deficit for the year		<u>£(60)</u>	<u>£(10,018)</u>

The notes on pages 7 to 9 form part of these financial statements.

MORSHEAD MANSIONS LIMITED

[Company Registration Number: 02744253]

Balance Sheet at 31 December 2019

		<u>2018</u>	
	Notes	£	£
Fixed Assets			
Tangible assets	3	42,446	42,446
Current Assets:			
Debtors	4	241,913	197,974
Cash at bank and in hand		<u>110,986</u>	<u>110,406</u>
		<u>352,899</u>	<u>308,380</u>
Current Liabilities:			
Creditors - Amounts falling due within one year	5	<u>331,345</u>	<u>286,766</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>21,554</u>	<u>21,614</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>£64,000</u></u>	<u><u>£64,060</u></u>
Financed by:-			
Capital and Reserves:			
Called up Share Capital	6	104	104
Share Premium Account		55,153	55,153
Profit and Loss account		<u>3,550</u>	<u>3,550</u>
		58,807	58,807
Article 16 Fund	9	<u>5,193</u>	<u>5,253</u>
		<u><u>£64,000</u></u>	<u><u>£64,060</u></u>

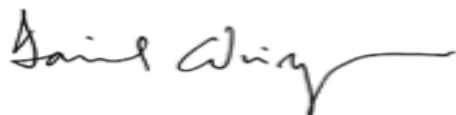
The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2019.

In accordance with the provisions of S476 of the Companies Act 2006, the members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2019.

The Director acknowledges his responsibilities for:

- a. ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- b. preparing financial statements which give a true and fair view of the the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements were approved and authorised for issue by the Director on 20 November 2020.



D. L. Wismayer

Director

(4)

Morshead Mansions Limited

Notes to the Financial Statements for the year ended 31 December 2019

1 ACCOUNTING POLICIES

(a) Accounting convention

The financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements do not reflect the income and expenses relating to the service charge costs for the property. Conversely, Funds established pursuant to the provisions of Article 16 of the company's Articles of Association and the income and expenditure relating thereto are reflected in these financial statements.

(b) Depreciation

Tangible fixed assets are stated at cost.

The Company's freehold interest in land is subject to long leases in Morshead Mansions which include full repairing covenants. The cost of acquisition therefore relates to the reversionary interest in the land alone, excluding the value of the buildings. No depreciation is provided on this freehold interest.

(c) Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to and from related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(d) Going concern

The financial statements of the company have been prepared on the going concern basis as the director believes that adequate cash resources will be available to cover the company's requirements for working capital and capital expenditure for at least the next twelve months.

2 TURNOVER

Turnover represents income derived from the Company's principal activity wholly undertaken in the United Kingdom.

3 TANGIBLE FIXED ASSETS

Freehold land -

at cost at 31 December 2019 and at cost 2018	<u>£42,446</u>	<u>£42,446</u>
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Morshead Mansions Limited

Notes to the Financial Statements for the year ended 31 December 2019

4	DEBTORS		<u>2018</u>
	Sundry debtors and prepayments	28,351	18,132
	Members' contributions due to the Article 16 Fund	36,700	33,450
	Legal costs recoverable	176,862	146,392
		<u>£241,913</u>	<u>£197,974</u>

5	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		<u>2018</u>
	Creditors and Accruals	196,360	140,516
	Article 16 Fund contributions received in advance	134,985	146,250
		<u>£331,345</u>	<u>£286,766</u>

6	CALLED UP SHARE CAPITAL				
	Authorised				
	Number	Class	Nominal Value		<u>2018</u>
	104	Ordinary	£1	<u>£104</u>	<u>£104</u>
	Allotted, issued and fully paid				
	Number	Class	Nominal Value		<u>2017</u>
	104	Ordinary	£1	<u>£104</u>	<u>£104</u>

7 POST BALANCE SHEET EVENTS

As at the balance sheet date, and as at the previous year-ends in 2018 and 2017, the company was engaged in litigation with one of its members, Leon di Marco. The company having obtained summary judgment in October 2017 and having the benefit of a consequential Order made in April 2018 by which Mr. Di Marco was ordered to pay to the company a sum of £100,000 on account of its costs and Mr. Di Marco having failed to obey that Order, as previously advised, the company has proceeded to enforce the Judgment and the Order.

In the course of the year under review, the company obtained an Order for Sale of Mr. Di Marco's flat and, his default having persisted, the company also obtained a Warrant of Possession which at the date hereof still awaits execution. The date set for execution of the Warrant was 27 May 2020. The delay is due to the impact of Covid-19 and the associated 'lockdown' which has resulted in suspension of the execution of such Warrants.

In the course of the year, the company incurred further legal costs in the litigation with Mr. Di Marco in the gross amount of £90,471. Having regard to the 'true and fair view' and taking account of further orders for costs awarded against Mr. Di Marco, of those costs, the Director considers that it is prudent to charge to the Article 16 Fund in this year, the sum of £60,000. The balance of £30,471 has been treated as recoverable from Mr. Di Marco following enforcement of the aforementioned Warrant of Possession.

With regard to the said enforcement, following the end of the first Covid-19 lockdown, on 24 September 2020, the company was contacted by the Court Bailiffs seeking confirmation that the company required enforcement to proceed. Such confirmation was duly provided and the company was advised that it would be notified of the new date for execution. As at the date hereof, the company has not yet received that notification.

Morshead Mansions Limited

Notes to the Financial Statements for the year ended 31 December 2019

8 RELATED PARTY TRANSACTIONS

As in previous years, the company's sole Director, David Wismayer, an accountant and property consultant, provides consultancy services to the company. During the year the fees charged in respect of the performance of these services amounted to £60,000, (2018: £60,000). In addition, a sum of £43,680 (2018: £43,680) accrued due in respect of management services performed in relation to the company's estate.

Both the performance of the relevant services and the related fees have been assigned by Mr Wismayer to companies under his control. Mr Wismayer and his companies have advanced credit to the company in the course of the year under review on which interest at 4% above Barclays Bank base rate is charged. The amount charged in 2019 was £3,826 (2018: £5,832). Inclusive of fees accrued but not paid and of cash advances, as at 31 December 2019, the aggregate balance outstanding to Mr Wismayer and/or his companies was £156,256 (2018: £109,762).

9 THE ARTICLE 16 FUND

MOVEMENT IN THE YEAR

		<u>2018</u>
Opening balance	5,253	15,271
Net deficit for the year	60	10,018
	<u>£5,193</u>	<u>£5,253</u>

The Article 16 Fund (formerly designated the Recovery Fund) was first established pursuant to a members' resolution on 12 September 1997. By further such resolutions further Article 16 Funds were authorised on 21 December 1998, 10 October 2000, 29 January 2003 (adjourned from 17 December 2002), 30 October 2003, 31 October 2007, 31 October 2008, 4 December 2008, 17 December 2009, 4 November 2010, 15 December 2011, 13 December 2012, 19 December 2013, 27 November 2014, 26 November 2015, 19 December 2016, 11 December 2017, 30 August 2018 and 13 December 2018. With effect from 1 January 2009, the Funds established pursuant to members' resolutions have been re-designated as Article 16 Funds. The transactions for the Article 16 Fund in 2019 are set out on page 3 of these financial statements.

10 CONTINGENT LIABILITY

In the course of recent financial years, the company has realised sales of roof voids which have generated revenue which the company has brought into account in the year in which each such sale was concluded.

There is a possibility that the company may be liable to Corporation on a small proportion of the revenues so generated. It is the company's position that the costs incurred in the performance of its objects may be set off against the proceeds of sale of the said roof voids.

In the event that the company's assessment is found to be incorrect, it will be necessary to provide for a liability to Corporation Tax in the amount of approximately £35,000.